

Message Text

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ORIGIN EB-07

INFO OCT-01 ISO-00 AF-08 ARA-10 EA-09 EUR-12 NEA-10 IO-13

SSO-00 NSCE-00 USIE-00 INRE-00 CEA-01 CIAE-00 COME-00

DODE-00 FRB-01 H-02 INR-07 INT-05 L-03 LAB-04 NSAE-00

NSC-05 PA-02 AID-05 CIEP-02 SS-15 STR-04 ITC-01

TRSE-00 PRS-01 SP-02 FEAE-00 OMB-01 /131 R

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S/S-MR. ORTIZ

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O 051610Z MAY 76 ZFF4

FM SECSTATE WASHDC

TO AMEMBASSY TOKYO NIACT IMMEDIATE

USDEL SECRETARY IMMEDIATE

AMEMBASSY OTTAWA IMMEDIATE

AMEMBASSY BONN IMMEDIATE

AMEMBASSY LONDON IMMEDIATE

AMEMBASSY ROME IMMEDIATE

AMEMBASSY STOCKHOLM IMMEDIATE

AMEMBASSY PARIS IMMEDIATE

AMEMBASSY BRUSSELS IMMEDIATE

USMISSION EC BRUSSELS IMMEDIATE

INFO USMISSION GENEVA IMMEDIATE IMMEDIATE

USDEL MTN GENEVA IMMEDIATE

USMISSION OECD PARIS IMMEDIATE

AMEMBASSY DUBLIN IMMEDIATE

AMEMBASSY BRASILIA PRIORITY

AMEMBASSY MEXICO PRIORITY

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PASS DEPUTY SECRETARY ROBINSON; DUBLIN PASS AMB WALKER

E.O. 11652: N/A

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TAGS: ETRD, EC, SW, CA, JA

SUBJECT: ANTIDUMPING PROCEEDINGS -- AUTOMOBILES

FOLLOWING IS TEXT OF PRESS RELEASE ISSUED BY TREASURY SECRETARY SIMON LATE MAY 4 ANNOUNCING CONDITIONAL DISCONTINUANCE OF ANTIDUMPING INVESTIGATION OF AUTOMOBILES FROM GERMANY, ITALY, BELGIU FRANCE, THE U.K., SWEDEN, CANADA AND JAPAN FOR THOSE EXPORTERS FOUND TENTATIVELY TO BE SELLING AT LESS THAN FAIR VALUE SO LONG AS CERTAIN SPECIALIZED ASSURANCES ARE RECEIVED CONCERNING FUTURE PRICES TO BE CHARGED ON THEIR AUTOMOBILES EXPORTED TO THE U.S. ALL MANUFACTURERS INVESTIGATED OTHER THAN PORSCHE, ROLLS ROYCE, TOYOTA AND NISSAN WERE TENTATIVELY FOUND TO BE SELLING AT LESS THAN FAIR VALUE. FURTHER INFORMATION WILL FOLLOW SEPTEL.

BEGIN TEXT. TREASURY SECRETARY ANNOUNCES CONDITIONAL DISCONTINUANCE OF AUTOMOBILE DUMPING INVESTIGATION.

TREASURY SECRETARY WILLIAM E. SIMON ANNOUNCED TODAY THAT THE TREASURY DEPARTMENT WILL CONDITIONALLY DISCONTINUE ITS AUTOMOBILE DUMPING INVESTIGATION AGAINST THOSE FOREIGN EXPORTERS WHO HAVE BEEN TENTATIVELY FOUND TO BE SELLING INTO THE UNITED STATES AT PRICES LOWER THAN THEIR HOME

COUNTRY SALES, SO LONG AS CERTAIN SPECIALIZED ASSURANCES ARE RECEIVED FROM SUCH EXPORTERS CONCERNING FUTURE PRICES TO BE CHARGED ON THEIR PRODUCTS INTO THE U.S. THIS ACTION IS BEING TAKEN UNDER A LONG-EXISTING SECTION OF THE ANTIDUMPING REGULATIONS (19 CFR 153.15(A) (2)) WHICH AUTHORIZES THE DISCONTINUANCE OF INVESTIGATIONS IN APPROPRIATE CIRCUMSTANCES.

QUOTE WE BELIEVE THAT IN THIS CASE, END QUOTE THE SECRETARY SAID, QUOTE THE PROCEDURES WE ARE FOLLOWING MORE ACCURATELY REFLECT THE COMPETITIVE FORCES THAT THE ANTIDUMPING LAW WAS DESIGNED TO PRESERVE. WE ARE THEREFORE PREPARED TO DISCONTINUE OUR INVESTIGATION AGAINST THOSE COMPANIES AS TO WHICH DUMPING MARGINS HAVE BEEN UNCLASSIFIED

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FOUND, IF CERTAIN ASSURANCES ARE RECEIVED WHICH WILL MITIGATE PRICE DIFFERENTIALS BETWEEN HOME MARKET AND EXPORT SALES IN THE FUTURE. ONE OF THE CONDITIONS OF DISCONTINUANCE WILL BE CAREFUL MONITORING OF THE U.S. SALES OF THOSE COMPANIES AS TO WHICH TREASURY'S INVESTIGATION HAS BEEN DISCONTINUED.

QUOTE THE TREASURY'S TENTATIVE FINDINGS OF Q'OTE DUMPING

MARGINS END QUOTE, HE CONTINUED, QUOTE INDICATE THAT ALL MANUFACTURERS INVESTIGATED, OTHER THAN PORSCHE, ROLLS ROYCE, TOYOTA AND NISSAN, HAVE BEEN SELLING INTO THE UNITED STATES AT PRICES BELOW THEIR EQUIVALENT HOME MARKET PRICES. AS THE INVESTIGATION HAS PROGRESSED, HOWEVER, WE HAVE CONCLUDED THAT CONDITIONS IN THE AUTO INDUSTRY REQUIRE US TO APPLY CALCULATIONS AND TAKE CORRECTIVE ACTIONS THAT ARE PECULIAR TO THESE CASES. IN PARTICULAR, WE MUST TAKE COGNIZANCE OF THE EFFECT OF FLUCTUATING EXCHANGE RATES UPON AUTOMOBILE EXPORT PRICES TO THE U.S. MOREOVER, WE FEEL THAT SPECIAL CONSIDERATION IS NECESSARY BECAUSE OF THE INCREDIBLY HIGH COSTS OF ANTI-POLLUTION EQUIPMENT WHICH IS REQUIRED ON ALL AUTOS SOLD IN THE U.S. THESE REQUIREMENTS CAN BE VIEWED AS DISCRIMINATING AGAINST FOREIGN MANUFACTURERS, WITH THEIR SHORTER PRODUCTION RUNS FOR THE U.S. MARKET. FINALLY, AS TO CANADIAN MODELS AND PARTS, THE FACT THAT THE CANADIAN AND AMERICAN AUTO INDUSTRIES HAVE BEEN INTEGRATED UNDER THE AUSPICES OF THE AUTO AGREEMENT AND THAT THE AUTOS PRODUCED IN CANADA ARE INTERCHANGEABLE WITH THE U.S. PRODUCT APPEARS TO MAKE A WITHHOLDING OF APPRAISEMENT AND REFERENCE TO THE ITC INAPPROPRIATE UNDER PRESENT CIRCUMSTANCES. END QUOTE.

THE AUTOMOBILE DUMPING INVESTIGATION WAS COMMENCED ON AUGUST 11, 1975, BASED UPON PETITIONS FILED BY THE UNITED AUTO WORKERS AND CONGRESSMAN JOHN DENT OF PENNSYLVANIA.

AUTOMOBILE IMPORTS FROM THE EIGHT COUNTRIES INVESTIGATED AMOUNTED TO COUGHLY \$7.4 BILLION IN 1975. TWENTY-EIGHT COMPANIES WERE INVESTIGATED, AS FOLLOWS:

BELGIUM: VOLVO, SAAB, GENERAL MOTORS
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CANADA: CHRYSLER, GENERAL MOTORS, FORD, AMERICAN
.... MOTORS, VOLVO

FRANCE: RENAULT, PEUGOT

ITALY: FIAT, ALFA ROMEO

JAPAN: NISSAN (DATSUN), TOYOTA, TOYO KOGYO (MAZDA),
.... FUJI HEAVY INDUSTRIES (SUBARU), HONDA,
.... MITSUBISHI (COLT)

SWEDEN: VOLVO, SAAB

UNITED

KINGDOM: BRITISH LEYLAND, ROLLS ROYCE

WEST

GERMANY: BAYERISCHE MOTORENWERKE (BMW), VOLKSWAGEN,
.... AUDI, PORSCHE, DAIMLER BENZ (MERCEDES), FORD

UNDER THE ANTIDUMPING ACT OF 1921, AS AMENDED, THE SECRETARY OF THE TREASURY IS REQUIRED TO ISSUE A TENTATIVE DETERMINATION OF WHETHER SALES HAVE BEEN MADE AT LESS THAN FAIR VALUE WITHIN SIX MONTHS, NINE MONTHS IN COMPLICATED CASES, FROM THE DATE OF INITIATION OF THE INVESTIGATION. IN THE AUTOMOBILE CASE A TREASURY DECISION MUST BE MADE BY MAY 11. SALES AT LESS THAN FAIR VALUE NORMALLY MEANS SELLING A PRODUCT AT A PRICE FOR EXPORT LESS THAN THE HOME MARKET PRICE OF THE SAME MERCHANDISE. END TEXT.
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